

FISCAL NOTE

SB 1798 - HB 1671

March 7, 2005

SUMMARY OF BILL: Requires the Department of Human Services to secure all available federal funds for child care services for low-income persons. Requires local governments to use 10% of state funds allocated to them for social services for improving child care subsidies and current child care services for low-income working families. Authorizes businesses to take an additional credit of 100% of the first \$50,000 and 50% of the next \$50,000 paid or incurred for staff or supplies at an on-site child care center used by their employees. Increases the tax on cigarettes from 10 mils per cigarette to 10.15 mils per cigarette and authorizes the Department of Human Services to use such additional revenue for subsidizing the cost of child care for low-income families.

ESTIMATED FISCAL IMPACT:

Increase State Revenues – \$1,668,000/Earmarked to Human Services

Decrease State Revenues – Net Impact - \$53,000/General Fund

Increase State Expenditures - \$131,600

Increase Local Govt. Revenues - \$15,000


Other Fiscal Impact – The Department of Human Services would be required to appropriate all of the Social Services Block Grant funding to Child Care Services, resulting in a decrease in expenditures for other programs totaling \$5,223,100.

Assumptions:

- The increase of .15 mils per cigarette will result in \$1,668,000 in excise tax revenue which will be allocated to the Department of Human Services.
- Incremental State Sales tax generated will equal \$47,000.
- Incremental Local Govt. Sales tax generated will equal \$15,000.
- The business tax credit can be applied against the greater of the Franchise or Excise tax and is estimated that the decrease in state revenue will be less than \$100,000.
- RITS programs would need enhancements to accommodate the Excise tax credits, the rate increase for cigarette tax, and the additional tax via apportionments increasing one-time state expenditures by \$131,600.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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